

# ***REYNOLDS***

Tobacco Company

APRIL 22, 1997

**PAUL LETOURNEAU**  
NATIONAL ACCOUNT MANAGER

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**TO: MANAGERS W/McLANE DIVISIONS**

**FROM: PAUL LETOURNEAU**

**RE: *DOD***  
***(DISCOUNT ON DEMAND)***

This is the way we can work DOD at different off invoices at different chains, at the same time, with the same UIN's. I have set up 50 Full Price and 26 Savings items with the 10/1 pack DOD UIN's, list attached.

You should use a "SPECIAL OFFER" sticker. The stickers will be in sheets and in rolls that fit Monarch Guns that are currently being used. The commodity numbers will be supplied to you in a future correspondence.

All the pre-booking orders from the chains must be distributions only. Chains can order this "SPECIAL OFFER" product at full price and you can pay the chain, at headquarters, for the amount of retail discount per pack. You can also ship the "SPECIAL OFFER" product Off Invoice and pay McLane.

## **EXAMPLES:**

Chain A wants the 4 core Camels at \$.20 off per pack with a distribution of 10 carton of each style, off invoice from McLane.

Chain B wants \$.25 off per pack on the 4 Camel items and \$.25 off 6 Winston items off invoice.

Chain C wants \$.20 off on Camels and \$.30 off on 6 Salem items off invoice.

Chain D wants \$.15 off on Camels and \$.20 off on Salems Off Invoice.

This one UIN can do all five situations at the same time and this is how:

1. The chains receiving product with no Off Invoice receive the distributions at Full Price billing. The chains send out the POS to each store and discount our products as agreed upon.
2. Each of the others, Chains A, B, C and D, must have a billback set up under their specific SRP. Chain A for Camel at \$2.00 per carton for items on that specific distribution. Chain B has a \$2.50 billback attached to their Camel and Winston items. Chain C has a billback set up for Camels at \$2.00 and \$3.00 Off Invoice for Salem. Chain D has a \$1.50 billback on Camel and a \$2.00 on Salem.

All the product looks the same, has the same "SPECIAL OFFER" sticker and the same UIN. Each of the chains receiving an Off Invoice must have the specific deal set up for their SRP group or groups for the distribution.

51844 2765

A check for 80% of the distribution quantity is sent to the RJR manager calling on the affected McLane division by the RJR manager who initiated the distribution for each chain. After the distribution has been completed, the chain billback or billbacks are sent to the RJR manager with the chain responsibility by RJR McLane Manager. The remaining check balance is sent to the RJR manager with the McLane division to close out the payment for that chain.

The RJR manager who sell the chain on the distribution must have the chain send out appropriate POS to each store. This POS must state the item discount and the appropriate consumer math. RJR retail reps will call on the stores and insure appropriate POS is placed for the "SPECIAL OFFER" product. Distributions should have three weeks lead time from the time the chain notifies McLane of the distribution. The RJR manager of each McLane division should be notified at the same time as the chain notifies McLane.

Setting up a special off invoice distribution for each SRP group involved is not an easy task for a McLane division, but, it is certainly doable. If this program is successful, I can see it being a twice per month program. This can make the retail reps time devoted to placing extra POS and displays instead of time consuming in store stickering.

If market place competitive activity changes, so can our Off Invoices on the distributions. Timely and ongoing communication with McLane divisions is essential. Insuring that the proper items are stickered with the "SPECIAL OFFER" stickers will insure proper timing of the distributions.

Timely and accurate checks sent to the RJR manager calling on each affected McLane division by the RJR initiating manager will keep the administrative task less chaotic.

RJR managers with McLane divisions, please give me your thoughts and feedback on this concept. I want and value your input prior to me sending this to the field.

DOD is here. Each AVP is trying to have as much of this gap defense come from Directs instead of by retail reps. I strongly feel this concept can work and work efficiently and can be productive to increase consumer tackaway from retail of RJR products.

Sincerely,

*PAUL*

P.A. LETOURNEAU

cc: Bob Fiori

51844 2766

**UIN REQUEST 10/1 PACK DOD CARTONS  
OPEN STOCK PRODUCT - FULL PRICE BILLING**

|                               | UPC<br>CASE | UPC<br>CARTON | OPEN STOCK<br>WORLD UIN | DOD<br>WORLD UIN | DOD<br>LA UIN |
|-------------------------------|-------------|---------------|-------------------------|------------------|---------------|
| <b><u>CAMEL</u></b>           |             |               |                         |                  |               |
| FIL                           | 10212       | 10213         | 491589                  | 932277           | 932285        |
| FIL BX                        | 10306       | 10313         | 064097                  | 932293           | 932301        |
| FIL 100                       | 16212       | 16213         | 360214                  | 932319           | 932327        |
| LTS                           | 10412       | 10413         | 491407                  | 932335           | 932343        |
| LT BX                         | 10706       | 10713         | 064089                  | 932350           | 932368        |
| LT 100                        | 10506       | 10513         | 856013                  | 932376           | 932384        |
| FIL WD                        | 70706       | 70713         | 338269                  | 932392           | 932400        |
| LT WD                         | 70806       | 70813         | 338293                  | 932418           | 932426        |
| SPC LT                        | 66506       | 66513         | 714501                  | 932434           | 932442        |
| SPC LT BX                     | 66606       | 66613         | 714550                  | 932459           | 932467        |
| SPC LT 100                    | 66706       | 66713         | 714584                  | 932475           | 932483        |
| MEN FF BX                     | 19306       | 19313         | 175224                  | 932517           | 932586        |
| MEN LT BX                     | 19406       | 19413         | 175257                  | 932541           | 932558        |
| <b><u>SALEM</u></b>           |             |               |                         |                  |               |
| KS                            | 12012       | 12013         | 064501                  | 932574           | 932582        |
| 100                           | 12212       | 12213         | 065078                  | 932590           | 932608        |
| LT                            | 12412       | 12413         | 064519                  | 932616           | 932624        |
| LT 100                        | 12512       | 12513         | 065094                  | 932632           | 932640        |
| LT 100 CC                     | 17206       | 17213         | 493551                  | 932657           | 932665        |
| SLIM LT                       | 12612       | 12613         | 065060                  | 932673           | 932681        |
| ULT KS                        | 12806       | 12813         | 064493                  | 932699           | 932707        |
| ULT 100                       | 12912       | 12913         | 065052                  | 932715           | 932723        |
| <b><u>VANTAGE</u></b>         |             |               |                         |                  |               |
| KS                            | 13012       | 13013         | 492744                  | 932780           | 932798        |
| MEN                           | 13206       | 13213         | 064535                  | 932806           | 932814        |
| 100                           | 13112       | 13113         | 065797                  | 932830           | 932872        |
| ULT                           | 13306       | 13313         | 492769                  | 932889           | 932897        |
| ULT 100                       | 13506       | 13513         | 065888                  | 932905           | 932913        |
| ULT LT BX                     | 70506       | 70315         | 267211                  | 932921           | 932939        |
| ULT LT BX 1                   | 70606       | 70613         | 267245                  | 932962           | 932970        |
| <b><u>WINSTON</u></b>         |             |               |                         |                  |               |
| KS                            | 11012       | 11013         | 492728                  | 932988           | 932996        |
| BX                            | 11212       | 11213         | 490706                  | 933002           | 933010        |
| 100                           | 11412       | 11413         | 065714                  | 933028           | 933036        |
| LT                            | 11112       | 11113         | 492736                  | 933044           | 933031        |
| LT 100                        | 11312       | 11313         | 065722                  | 933069           | 933077        |
| LT BX                         | 11906       | 11913         | 122648                  | 933085           | 933093        |
| LT BX 100                     | 15906       | 15913         | 122655                  | 933119           | 933127        |
| ULT KS                        | 11706       | 11713         | 492702                  | 933135           | 933143        |
| ULT 100                       | 11806       | 11813         | 065706                  | 933150           | 933168        |
| SEL KS                        | 70906       | 70913         | 143065                  | 933176           | 933184        |
| SEL BX                        | 71006       | 71013         | 143529                  | 933200           | 933218        |
| <b><u>WINSTON MM FLA.</u></b> |             |               |                         |                  |               |
| KS                            | 23295       | 11013         | 915553                  | 933226           |               |
| BX                            | 23296       | 11213         | 915579                  | 933234           |               |
| 100                           | 23297       | 11413         | 915587                  | 933242           |               |
| LT                            | 23298       | 11113         | 915611                  | 933259           |               |
| LT 100                        | 23350       | 11313         | 915678                  | 933275           |               |
| LT BX                         | 23299       | 11913         | 915629                  | 933283           |               |
| LT BX 100                     | 23351       | 15913         | 915702                  | 933291           |               |
| ULT KS                        | 23352       | 11713         | 915710                  | 933309           |               |
| ULT 100                       | 23353       | 11813         | 915736                  | 933317           |               |
| SEL KS                        | 23356       | 70913         | 915868                  | 933325           |               |
| SEL BX                        | 23357       | 71013         | 915975                  | 933333           |               |

51844 2767

**UIN REQUEST 10/1 PACK DOD CARTONS  
OPEN STOCK PRODUCT - REGULAR SAVINGS BILLING**

|                       | UPC<br>CASE | CARTON | OPEN STOCK<br>WORLD UIN | DOD<br>WORLD UIN | DOD<br>LA UIN |
|-----------------------|-------------|--------|-------------------------|------------------|---------------|
| <b><i>DORAL</i></b>   |             |        |                         |                  |               |
| FF                    | 16612       | 16613  | 306498                  | 933341           | 933358        |
| FF 100                | 15312       | 15313  | 306415                  | 936104           | 936112        |
| MEN                   | 14206       | 14213  | 778464                  | 936120           | 936138        |
| MEN 100               | 19106       | 19113  | 778472                  | 936146           | 936153        |
| LTS                   | 15112       | 15113  | 064568                  | 936161           | 936179        |
| LT 100                | 15212       | 15213  | 065276                  | 936187           | 936195        |
| MEN LT                | 15706       | 15713  | 064345                  | 936229           | 936237        |
| MEN LT 100            | 15812       | 15813  | 064915                  | 936278           | 936302        |
| ULT KS                | 25506       | 25513  | 491720                  | 936351           | 936368        |
| ULT 100               | 16712       | 16713  | 306464                  | 936377           | 936393        |
| FF BX KS              | 84006       | 84013  | 442715                  | 936401           | 936419        |
| FF BX 100             | 22081       | 22080  | 157552                  | 936427           | 936450        |
| FF MEN BX             | 23285       | 23284  | 817171                  | 936468           | 936484        |
| LT BX                 | 84106       | 84113  | 442749                  | 936492           | 936500        |
| LT BX 100             | 22084       | 22083  | 157602                  | 936526           | 936534        |
| NON FIL               | 84606       | 84613  | 333856                  | 936542           | 936559        |
|                       |             |        |                         |                  |               |
| <b><i>MONARCH</i></b> |             |        |                         |                  |               |
| FF                    | 22712       | 22713  | 464602                  | 936567           | 936849        |
| FF 100                | 22812       | 22813  | 464610                  | 936856           | 936864        |
| LT                    | 22912       | 22913  | 464628                  | 937110           | 937128        |
| LT 100                | 23012       | 23013  | 464636                  | 937136           | 937144        |
| FF MEN                | 33612       | 33613  | 249102                  | 937151           | 937169        |
| FF MEN 100            | 33712       | 33713  | 249193                  | 937177           | 937185        |
| MEN LT KS             | 33812       | 33813  | 464685                  | 937193           | 937201        |
| MEN LT 100            | 23112       | 23113  | 464651                  | 937219           | 937227        |
| FF BX KS              | 23512       | 23513  | 714402                  | 937235           | 937243        |
| LT BX KS              | 23612       | 23613  | 714469                  | 937250           | 937268        |

51844 2768